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Natural Gas
is helping
to build a
BETTER ONTARIO

Consumers' Gas



THE **Consumers' Gas** COMPANY

19 TORONTO STREET, TORONTO, CANADA

A. L. BISHOP, PRESIDENT

OAKAH L. JONES, VICE PRESIDENT
AND GENERAL MANAGER

TELEPHONE EM. 3-6941

The Consumers' Gas Company is helping to build a better Ontario by providing safe, dependable and economical utility gas service to 165 communities throughout Ontario; a record of which

1987 EMPLOYEES

9887 INVESTORS

156 SUPPLIERS

1160 DEALERS, PLUMBERS AND
HEATING CONTRACTORS.

are Justly Proud.

TO: EMPLOYEES OF CONSUMERS' GAS
COMPANY SHAREHOLDERS
MEMBERS OF MUNICIPAL COUNCILS
MEMBERS OF THE ONTARIO LEGISLATURE

Newspaper articles, television and radio presentations and statements by men and women in public life indicate a very widespread lack of knowledge concerning natural gas safety and concerning the job the natural gas industry is doing for Ontario communities and the Province as a whole.

The attached memorandum is offered to provide factual information about the activities and accomplishments of our own company and the natural gas industry generally.

On November 1st, 1954, United Gas & Electric Company received in Toronto. By February 17th, 1955, all of the Toronto area customers had been converted to the new fuel. The conversion cost alone was \$1,850,000.

Consumers' Gas is particularly proud of the fact that the changeover from manufactured gas operation to natural gas was made without any of the company's employees. The company early worked out the plan that the changeover would disappear and, regardless of cost, found new positions for them within the company.

Our business is highly competitive. The municipal franchises held by Consumers' Gas are simply contracts allowing us to use the streets and alleys. Most of their wording is devoted to telling the municipality concerned what the Company will do and how and when it will do it In other words is protection for the municipality.

Yours very truly

Oakah L. Jones

Vice-President and General Manager

HELPING TO BUILD ONTARIO

The Consumers' Gas Company is helping to build a better Ontario with natural gas providing safe, dependable and economical utility gas service to 165 communities throughout Ontario; a record of which

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Early in 1954, The Consumers' Gas Company, with the encouragement of the Ontario Provincial Government and the then Government in Ottawa, completed arrangements to bring United States natural gas to the people of the Toronto area.

At the same time Consumers' Gas, by negotiating a contract that would allow them to change over to Western Canadian Gas when it became available via an all-Canadian route, made the big West-to-East transmission line a reality instead of a dream.

Consumers' Gas, as a privately-owned company, took all the financial risk involved in the bringing of U.S. natural gas here to help build the market for gas from Alberta.

On November 1st, 1954, United States natural gas was first received in Toronto. By February 17th, 1955, all of the Toronto area customers had been converted to the new fuel. The conversion cost alone was.....before income taxes.....\$3,839,000.

Consumers' Gas is particularly proud of the fact that the changeover from manufactured gas operation to natural gas was made without hardship to any of the company's employees. The company early worked out plans to retrain men whose previous jobs would disappear and, regardless of cost, found new positions for them within the company.

Our business is highly competitive. The municipal franchises held by Consumers' Gas are simply contracts allowing us to use the streets and alleys. Most of their wording is devoted to telling the municipality concerned what the Company will do and how and when it will do it in other words is protection for the municipality.

Consumers' Gas is regulated under local and Provincial building codes, the Pipelines Act, the Fuel Board Act, Securities Act and other regulations, on just about everything from construction of lines, safety practices, installations of appliances, inspections of lines and appliances and even to the rates it may charge and the return it may make on its investment.

And despite all this regulation, the company must meet the highly competitive unregulated and sometimes unorthodox operations of those supplying oil, coal, electricity and propane.

Consumers' Gas has voluntarily reduced its rates, with Ontario Fuel Board encouragement and approval, 6 times since 1955. There are not many commodities..... fuel or others.....that have recent records of price reductions, and most have recorded price increases in the period since 1955.

Consumers' Gas Company's competitive approach has forced and is continuing to force hydro rate reductions in Ontario communities, and has had the effect of keeping down other fuel costs which might otherwise have been increased.

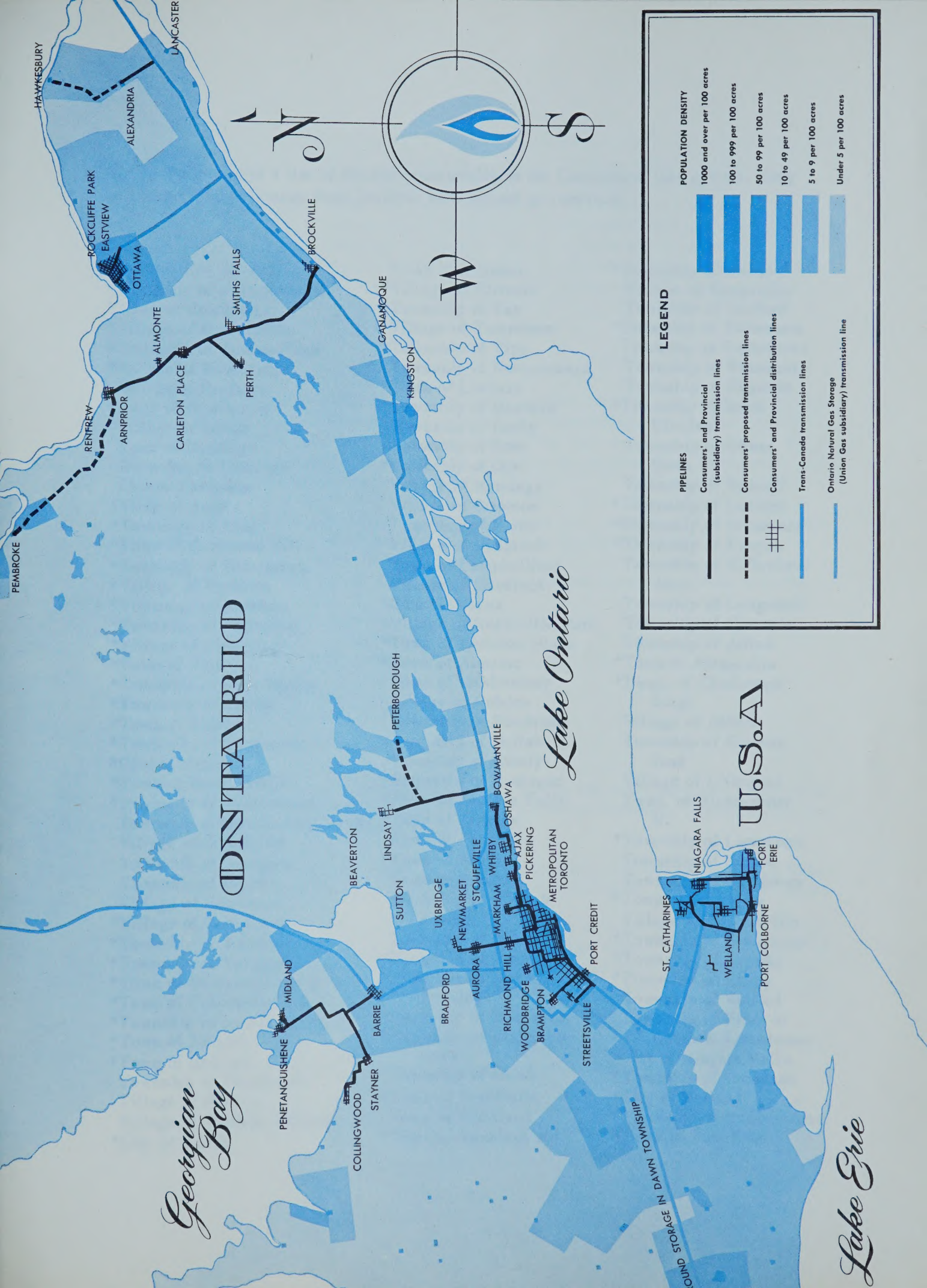
The following table illustrates the extent of the savings made by our natural gas customers:

Consumers' Gas Average Revenue per 1000 cubic feet:

	1958	1954	Decrease	% Decrease
Residential	\$1.69	\$3.95	\$2.26	57
Commercial	1.82	3.32	1.50	45
Industrial	.94	2.97	2.03	68

And Consumers' Gas expects to continue to make further voluntary rate reductions as rapidly as it is able to increase its sales volume in spite of the recent flurry of unjustified allegations concerning the safety of natural gas distribution systems and appliances.

Since 1955, Consumers' Gas has brought natural gas service to many communities that might otherwise not have received such service until years later in their development. This was done despite the fact the Alberta natural gas was not made available in this area until October, 1958.



ONTARIO

Lake Ontario

U.S.A.

Georgian Bay

Lake Erie

LEGEND

PIPELINES	POPULATION DENSITY
Consumers' and Provincial (subsidiary) transmission lines	1000 and over per 100 acres
Consumers' proposed transmission lines	100 to 999 per 100 acres
Consumers' and Provincial distribution lines	50 to 99 per 100 acres
Trans-Canada transmission lines	10 to 49 per 100 acres
Ontario Natural Gas Storage (Union Gas subsidiary) transmission line	5 to 9 per 100 acres
	Under 5 per 100 acres

Following is a list of Ontario communities in the Consumers' Gas system, many of which (*) have already been provided with natural gas service:

*Metropolitan Toronto	Town of Alliston	*Township of Ramsay
*Township of Chinguacousy	*Village of Elmvale	Village of Kemptville
*Town of Brampton	*Township of Tay	Township of Stafford
*Village of Streetsville	Village of Tottenham	*Township of Pakenham
*Township of Toronto Gore	*Township of Tiny	Township of Pettawawa
*Village of Woodbridge	*Township of Nottawasaga	Township of Westmeath
Village of Bradford	*Town of Lindsay	Township of Osgoode
*Town of Newmarket	*Township of Manvers	*Township of South
Village of Sutton	Township of Emily	Elmsley
Town of Uxbridge	Township of Scott	Township of Gower
Township of Uxbridge	*Township of Ops	North
Thorah Township	Village of Hastings	Township of Russell
*Town of Aurora	Village of Omeme	*Township of Lochiel
*Township of King	Township of Percy	*Township of Drummond
*Town of Richmond Hill	Village of Millbrook	*Township of Kenyon
*Township of Whitchurch	Town of Campbellford	Township of W. Hawkes-
*Village of Markham	Village of Havelock	bury
*Township of Markham	*City of Ottawa	Township of Longueuil
*Township of Pickering	*Village of Rockcliffe Park	Township of Clarence
*Village of Pickering	*Town of Carleton Place	Township of Alfred
*Town of Ajax	*Town of Almonte	*Town of Alexandria
*Township of East Whitby	Town of Hawkesbury	*Twsp. of Charlotten-
*Township of Whitby	Village of Cobden	burgh
*Town of Whitby	Township of Pembroke	Village of Alfred
*Township of Darlington	Township of McNab	Township of Cumber-
*City of Oshawa	Township of Huntly	land
*Town of Bowmanville	*Township of Montague	Village of L'Orignal
*Township of Gwillimbury East	*Town of Smith's Falls	Twsp. of Plantagenet
Township of Gwillimbury North	*Town of Arnprior	N.
Village of Stouffville	Town of Pembroke	*Township of Lancaster
Township of Georgina	*Town of Perth	Township of Horton
Township of Brock	Town of Renfrew	Township of Goulbourn
Village of Beaverton	Township of Alice &	*Town of Eastview
*Village of Port Credit	Fraser	Village of Merrickville
*Township of Toronto	Township of Ross	*Township of Gloucester
*Township of Vaughan	*Township of Fitzroy	*Township of Nepean
*Town of Penetanguishene	*Township of North	*Township of Kitley
*Town of Collingwood	Elmsley	Township of Woford
*Township of Sunnidale	*Township of Beckwith	Township of Front of
*Town of Stayner	*Township of Elizabeth-	Leeds & Lansdowne
*Town of Midland	town	*City of Niagara Falls
Township of Tecumseth	*Township of March	*Township of Crowland
Village of Beeton	*Town of Brockville	*City of Welland
Village of Victoria Harbour	Town of Rockland	*Township of Humberstone
*City of Barrie	*Town of Vankleek Hill	*Town of Fort Erie

*Township of Niagara	*Township of Willoughby	*Village of Beamsville
*Town of Niagara	*City of St. Catharines	*Township of Caistor
Town of Port Dalhousie	*Town of Port Colborne	*Township of Clinton
*Township of Pelham	*Township of Wainfleet	*Township of N.Grimsbey
*Village of Chippawa	*Village of Fonthill	Township of Gainsboro
*Township of Stamford	*Town of Thorold	*Township of S. Grimsby
*Village of Crystal Beach	*Town of Merriton	*Township of Louth
*Township of Thorold	*Township of Grantham	
*Township of Bertie	*Town of Grimsby	

Consumers' Gas believes that the best way for Ontario to develop is for all parts of the Province to develop; that the smaller communities as well as the larger ones are entitled to the same high calibre of service and the same low rates. Since 1954, therefore, Consumers' has followed a policy of system-wide development and rates for all the communities in which it serves.

Consumers' Gas has brought back to Canada the ownership of 3 gas utilities in the Niagara Peninsula which were formerly owned in the United States.

Consumers' Gas since 1954 has borrowed in the Canadian money market.....

Bonds	-	\$29,000,000
Debentures	-	23,500,000
Preferred		
Stock	-	5,000,000
Common		
Stock	-	8,736,120
Total	-	\$66,236,120

All of these borrowings have been made through the traditional and established money markets, with no special prices, no bonuses, no commissions. The company has received the full benefits from all securities issued.

Using progressive and modern personnel policies, Consumers' Gas has been able to hold its employees and supervisors against all competitive offers in recent years.

Since 1954, the Company has increased wages by over 18% to its employees in supervisory positions and to those represented by the United Chemical Workers of America. Working conditions are considered good at Consumers' and in the past four years Pension, Hospitalization and Restricted Stock Option plans have been introduced as additional benefits to Company employees.

Consumers' Gas was asked to tender for purchase of municipally-owned gas distribution systems in Brockville, Peterborough and Kingston.

In Brockville the ratepayers' vote favored purchase by Consumers' Gas 1007 to 35. In Peterborough last November, the vote favoring purchase by Consumers' was 3967 to 2756.

In Kingston, no company versus Public Utilities Commission vote was taken, and voters agreed to have the PUC operate the gas plant for an unstated period of time on a trial basis.

Consumers' Gas early in 1955 developed a program of encouraging appliance dealers, plumbers and heating contractors to sell and install appliances. This co-operative plan provides full training schedules and assists the dealer by financing his sales to gas customers. There are approximately 1,000 organizations taking advantage of this plan, and since 1955 they have benefitted by the sale of more than 75,000 items of installed gas-fired equipment.

In all of their operations, in construction, in maintenance and in service, Consumers' Gas and all its affiliates follow all the best known and accepted natural gas codes, and where in their opinion the requirements of the code concerned should be exceeded, they do the work to a higher standard for the protection and benefit of the customer and the public.

Expense of doing our work is never a factor where the public interest is concerned. All work done by us in the past has been done in the best known way, and we will continue to so operate in the future.

Consumers' Gas - in fact the whole of the Ontario natural gas industry - has a remarkable safety record in comparison with the scores of fatalities and the millions of dollars in property damage caused by such other fuels as oil, coal, wood, propane and electricity.

Consumers' Gas has 6,678 miles of mains in service, and 223,926 customers.

Often the reading public misinterpret articles which they read in the papers, as for example, recent articles summarizing explosions purportedly to be natural gas in the Consumers' area, reported thirty-four explosions for approximately a six year period.

On analysis of these reports, we found there were only fifteen explosions large or small which were related to natural gas as follows:

Explosions at appliances	...	...	...	...	...	6
Explosions caused by persons working on internal piping...						3
Explosions caused by broken mains	...	...	...	...		2
Explosion caused by broken main (doubtful)			...	...		1
Explosion caused by contractor breaking service line				...		1
Explosion caused by open service (cap removed by person unknown) Ottawa				...		1
Explosion caused by our employee's negligence	...	...				1
Total						15

During the period there were dozens of major and minor incidents initially blamed on natural gas which were later proved to have been caused by propane, oil, boilers, etc.

It is often stated that the "old cast iron pipes are not safe."

THIS HAS NO BASIS IN FACT!!

A great deal was made of this in the publicity following the Ottawa explosion, but in fact neither that explosion nor any accident in Ottawa since natural gas was introduced was caused by a main leak or break - cast iron or steel.

In the case of the Slater Street explosion a cap was removed and left off a service line, permitting unmetered gas to enter the basement.

Cast iron mains are not dangerous. In fact there are many jobs on which they are of even greater value than steel.

The relative values of pipe materials change with their applications and all factors are considered before deciding which materials are used.

It is only in the last several years that corrosion control has advanced sufficiently to adequately protect steel and give it a comparable life to cast iron in corrosive soil conditions.

The installation of steel mains is more economical due to lightness of materials, longer lengths of pipe, etc.

Where distribution systems which are all or in part cast iron are converted to natural gas, the drier gas is conditioned by oil-fogging and humidifying to maintain the same atmosphere as manufactured gas.

Odorant is added to natural gas in sufficient quantity to ensure that the odour is perceptible at a level of one/one-hundredth of the lower flammable limit of natural gas. This means that from the time the odour is detected the percentage of gas in the atmosphere has to increase one hundred times before a hazardous condition is created.

The odorant level is checked and reported by all of our personnel who have occasion to be working on mains, services and customers' appliances.

Each day our servicemen make approximately nine hundred calls and each call provides an opportunity to check the odorant level throughout the entire system.

There is another important phase of our day to day safety precaution operations which has not received the publicity it is due.

A leakage survey is conducted in all areas serviced by gas by trained crews of men. In the Metropolitan Toronto area twelve men work continuously on a scheduled program basis to check for escaping gas. These men have been trained to seek out accumulations of gas inside buildings in the area, in the street openings such as manholes, water valve chambers, Bell Telephone, and electrical ducts, as well as other openings in the ground or confined space in the building.

The B.31 Code requires that a survey be made in business districts once a year, that a survey of the non-business areas be made once in every five years.

The leakage survey schedule set up by the Consumers' Gas Company prior to the publication of the B.31 Code exceeds the minimum requirements of the Code. The schedule maintained by our employees in all areas is as follows:

-A- "Once each month a gas detector survey shall be conducted in business districts, involving tests of atmosphere in gas, electrical, telephone, sewer and water system manholes, and other locations providing an opportunity for finding gas leaks."

-B- "Once each three-month period a gas detector survey shall be conducted in basements of all business districts."

"Once each year a leak survey, as described under Item "A" will be carried out through the entire distribution system."

"Leaks located by these surveys shall be investigated promptly and any necessary repairs made."

In addition all Consumers' Gas employees are trained to observe vegetation such as trees, shrubs, etc., for any signs that might indicate that leaking gas may be affecting normal growth, and report such signs so that testing can be done.

Consumers' Gas works closely with The Ontario Fuel Board in all phases of its operations, providing the Board with full information concerning its construction plans, its line and equipment inspections and other activities.

No gas company can honestly promise to entirely eliminate gas explosions or other gas accidents, because no kind of accident can be eliminated so long as human and material elements are involved.

But Consumers' Gas and its employees recognize fully their great obligation to their customers and to the public generally and they do promise to continue to do their jobs carefully, efficiently and up to all standards of workmanship that now exist, or may be found to be better.

The Consumers' Gas Company's "Helping to Build Ontario" program goes beyond the first step, which is the bringing of natural gas - a new competitive and efficient fuel - to a community.

Our Industrial Development Department is active on a continuing basis throughout the areas which we now service or plan to serve with natural gas in the future.

Consumers' Gas engaged the services of the Fantus Factory Locating Service of New York and Chicago, in 1956, largest and most experienced factory placement service in the world. Their consultants have visited every community in which Consumers' Gas is operating or holds a franchise, conducting meetings with industrial commissioners, outlining the methods by which industry is attracted to a community.

This activity by Consumers' is a further investment in the communities which they would otherwise have to make themselves in order to bring in new industry with its resulting growth in employment opportunities and assistance with taxation problems.

One example of the kind of work being done in this field was the production of a 25-minute colour movie made for the City of Barrie by Consumers' own staff. The film points up the facilities offered by this modern progressive city to those industries looking for new plant locations. Barrie's wealth of schools, homes, churches, labour force and other attractive facilities have been depicted in a manner that is bound to impress prospective industries as a desirable Ontario location.



In concluding this brief resumé of the natural gas industry in Ontario and the part played by Consumers' Gas, the company, its officers and employees, wish to re-emphasize that its efforts are continuously being directed to providing safe, dependable natural gas service throughout its system.

